



FREQUENTLY ASKED QUESTIONS

Department of Housing and Community Development

Please contact our staff at (804) 371-7030 or e-mail us at EZONE@dhcd.virginia.gov if you have a question that has not been addressed here or if further clarification is needed.

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GENERAL QUESTIONS

I am having difficulty submitting my application online. Help!

Please contact our staff at (804) 371-7030 or e-mail us at EZONE@dhcd.virginia.gov immediately if you encounter errors on our website.

When is the application due?

All applications for the Real Property Investment Grant and Wage-based Job Creation Grant, including online submittals, are due no later than April 1, 2006 (Eastern Standard Time for electronic submittals). A signed and dated hard copy of the application should be sent via United States Postal Service certified mail (postmarked no later than April 1st) or hand delivered by close of business on April 1st, to the Virginia Department of Housing and Community Development, Enterprise Zone Program, 501 North Second Street, Richmond, VA 23219. If the due date falls on a weekend, hand delivered forms (including FedEx and UPS) must arrive by close of business on the weekday preceding the due date. Late applications cannot be accepted.

Am I required to send my application materials certified mail, return receipt requested?

DHCD does not require that application materials be sent certified mail, return receipt requested. However, DHCD **strongly recommends** that applicants do so as it is the only way to document that we receive your application materials by the required due date. Late applications cannot be accepted.



CPA AGREED-UPON PROCEDURES QUESTIONS

Do I have the most recent agreed upon procedures?

DHCD has worked with the Virginia Society of CPAs to make some additional changes to the Enterprise Zone Grant Instruction Manual, including changes to some agreed upon procedures. The most up-to-date version is dated March 2006 on the cover page and foot notes.

What is an Agreed-Upon Procedures Engagement?

An Agreed-Upon Procedures Engagement outlines specific procedures performed on the subject matter of an assertion whereby a CPA is engaged by a client to issue a report of findings. Distribution of the report based on such an engagement is limited to the specified users (in this case, the applicant and DHCD). Guidance for the performance of such engagements is found in American Institute of Certified Public Accountants (AICPA) professional standards AT Section 201. Under the new Enterprise Zone Statute, applicants for the Real Property Investment Grant and Job Creation Grants must hire an independent CPA currently licensed in Virginia to perform the Agreed-Upon Procedures Engagement established by DHCD and to prepare an attestation report to be submitted to DHCD.

How do I know if my CPA is capable of performing DHCD's Agreed-Upon Procedures?

Your CPA should know if he or she is capable of performing DHCD's Agreed-Upon Procedures by reviewing the procedures outlined in the Enterprise Zone Grant Instruction Manual. To download a copy of the manual, please visit our website at www.dhcd.virginia.gov.

How is an attestation different from an audit?

An *attestation* is the giving of an assurance by a CPA as to the reliability of information, both financial and non-financial. The American Institute of Certified Public Accountants (AICPA) has promulgated standards for such engagements, other than those involving audits of financial statements, in the "AT" section of professional standards.

An *audit* is the process by which a CPA is able to attest to the fairness of presentations of financial statements. An audit engagement is an attestation engagement, but one for which standards separate from other forms of attestation engagements have been promulgated by the AICPA (the "AU" section of professional standards).

Can my CPA prepare the application and accompanying materials (worksheets and schedule) and attest?

Professional standards (AICPA) and those of the Government Accountability Office (GAO) provide that an auditor cannot audit his or her own work but recognize and accept that an auditor can provide assistance provided the audit organization does not make management decisions or perform management functions. The decision to follow any advice provided remains with management of the audited entity.

What can/cannot CPAs do to assist their clients in preparing the applications?

CPAs cannot make management decisions or perform management functions ([see above](#)).

What is the line between education and making a management decision for the client?

Providing technical assistance ([as noted above](#)) is allowed, but management must concur and accept final responsibility.

If my CPA prepares the worksheet or the schedule, can he or she make any corrections? To what degree?

[See above](#) regarding the professional standards.

JOB CREATION GRANT QUESTIONS

If my business firm is not a local service business, does my CPA still need to perform the attestation regarding the definition of local service?

No, this specific attestation must be performed for only businesses with NAICS codes 511 and higher (those highlighted in yellow at the back of the Enterprise Zone Grant Instruction Manual).

My business firm is not a local service business, but I have local service positions. Is my business firm eligible for the job creation grants?

If your business firm is not a local service business, you can only include those positions that are not local service, food, beverage, or retail positions for the purposes of qualifying for the wage-based job creation grant.

My business does not make health insurance benefits available for new permanent full time positions until after a 90-day employment period, how do I need to document this on the JCG worksheet?

The job creation grants are only available for the portion of the grant year in which the employees filling net new permanent full time positions met the wage and health benefits requirements. The initial 90 day employment period during which health benefits were not available cannot be included in the worksheet. Instead the firm should list the first date and last date the employee filling the net new permanent full time position met the wage and health benefits requirements in the grant year. The firm should also have payroll documentation and health benefits documentation indicating this.

Calculations on the JCG worksheet for those employees filling PFTP whose wages fluctuated above 200 percent of the federal minimum wage during the grant year and that worked for a full twelve months only show 11 full months worked. How can I correct this?

Those employees filling PFTP whose wage rate increased above 200 percent in the grant year (and whose previous wage rate was at least 175 percent of the federal minimum wage) after the first of the month will automatically be rounded down due to statutory calculations for full months worked. However, if the position was filled for the full year and only the wage rate fluctuated, we are allowing applicants to break the wage rate fluctuation into full months. For example, if Enrico Fermi was at 175 percent of the federal minimum wage from 1/1/2005 through 5/5/2005 and then received a wage increase to 200 percent of the federal minimum wage for the rest of the year, this would be indicated as 5 full months (1/1/2005 through 5/30/2005) at 175 percent and 7 full months (6/1/2005 through 12/31/2005) at 200 percent resulting in 12 full months worked.

How are “post base year” EF-PFTP treated on the JCG worksheet and in the Job Creation Grant agreed upon procedures, if applicable?

Based on the text in the instruction manual indicated on page 19, all EF-PFTP that worked for the business firm from the base year through the grant year must be listed on the JCG worksheet. Include



every EF-PFTP that worked for the firm in a permanent full-time capacity to perform some type of job function regardless of how long he or she was employed. This could be one day, one week, one month, one year, one decade, etc. The names of all EF-PFTP that worked during this time period must be included on the list. However, referring to the second paragraph on that page, DHCD only needs to see the first work dates and last work dates for employees working in the base year and or the current grant year. In other words if the firm is using 2003 as the base year and 2005 is their first grant year, you would list the names and last four digits of the social security numbers of those EF-PFTP who worked during 2003, 2004, and/or 2005 on the worksheet. Do not provide first and last work dates for any year other than the base year and current grant year. While language in the attestation procedures indicates that the random sample is of the entire population (all employees on the worksheet), if a sampled employee (post base year employee for example) has no data in the base year or grant year columns, your CPA would simply go on to the next employee in the sample.



REAL PROPERTY INVESTMENT GRANT QUESTIONS

Is the “General Conditions” item on my contractor’s invoice considered a qualified real property investment?

Provided that the General Conditions costs (items listed below) are charged to your capital (asset) account, the following constitute qualified real property investments under a category of “general conditions” on the schedule of qualified real property investments:

Mobilization	Field Office	Project Manager	Project Superintendent
General Labor	Security	Telephone	Temp. Electric
Start-Up Electric	Temp. Water	Temp. Toilets	Temp. Heat
Eng. & Layout	Safety & Barricade	Temp. Roads	Extra Prot. (adj. Prop.)
Tree Protection	Hoisting	Rental Equipment	Pumps
Shops & Sheds	Clean Up	Small Tools	Truck Expense/Travel

If I own the entire building or facility, do I need to complete the supplemental form EZ-RPIG Multi-owner-tenant?

No, only fill out the forms that apply to the type of zone investor.

Using the supplemental forms provided, only 20% of the useable floor space is devoted to commercial, office, or industrial use. Can I come in for that portion of the building only?

No, the building or facility must meet our definition of mixed-use in order to apply for the grant.

I received a partial/temporary Certificate of Occupancy (CO) in 2005. Is this acceptable?

Please contact DHCD to determine what documentation if any is acceptable in lieu of a final CO or building inspection.